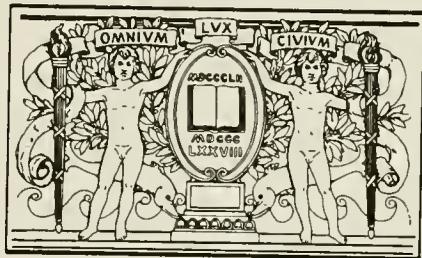


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LINKAGE PROPOSAL FACT SHEET

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Current Linkage Regulations:

- o Article 26 of the Boston Zoning Code is the current linkage mechanism.
- o Established in December 1983 by Boston Zoning Commission.
- o Requires developers to pay \$5/square foot for every square foot over 100,000 square feet of new or substantially rehabbed commercial space into a housing fund.
- o Payments are made in equal installments over 12 years.
- o Payments begin two years after the issuance of the building permit or upon issuance of the certificate of occupancy, whichever comes first.
- o To date, approximately \$35 million in linkage funds have been earmarked with first payments due in April, 1987.
- o San Francisco, Seattle, Princeton, and Santa Monica are the only other cities with housing linkage programs.

Summary of Articles 26A and 26B:

Article 26A, which is the new housing linkage program, includes the following:

- o Developers of downtown commercial buildings will make payments of \$5 per square foot for each square foot of floor area over 100,000 square feet.
- o Payments will be made over seven years.
- o First payment will be due upon issuance of the building permit.
- o 10% of the housing contribution made for downtown projects and 20% for neighborhood projects will be targeted to the impacted neighborhood.
- o College dormitories have been excluded from the list of uses subject to linkage requirements in both downtown and the neighborhoods.
- o Developers of commercial buildings outside of the downtown will continue to make the \$5 per square foot payments over twelve years, beginning with the certificate of occupancy or two years after the building permit, whichever comes first.
- o The housing contribution will be recalculated every three years after passage of this amendment, based on housing and economic trends in city.



Article 26B, the new job training linkage program, includes the following provisions:

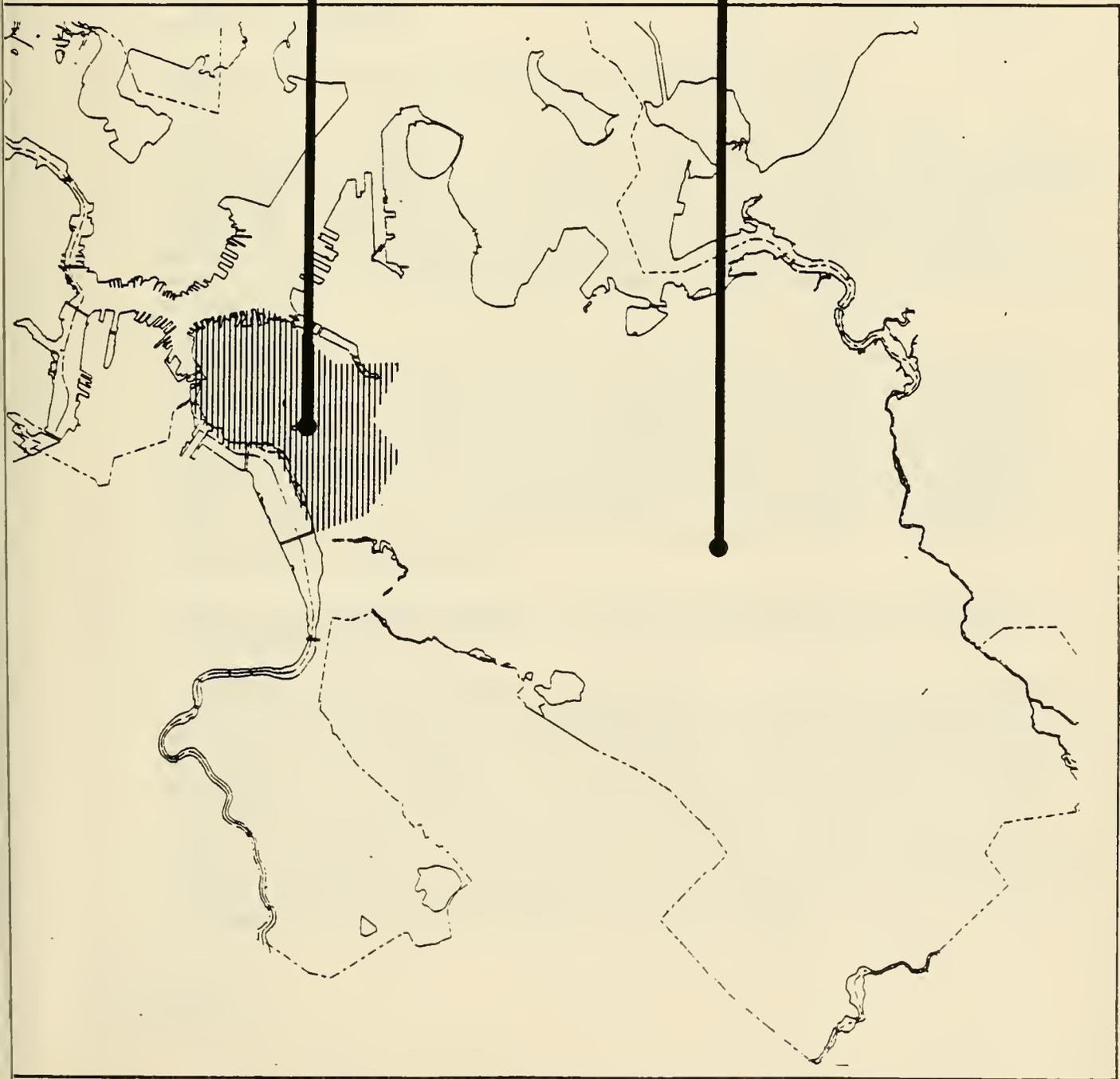
- o Developers of commercial buildings throughout the city will make payments of \$1 per square foot for each square foot of floor area over 100,000 square feet.
- o Payments will be made over two years.
- o First payment will be due upon issuance of the building permit.
- o The jobs contribution will be recalculated every three after the passage of the amendment, based on employment and economic trends.
- o Boston is the first city in the country to have a jobs training linkage program.

Approval Process for New Linkage Program:

- o On January 23, 1986 the BRA Board voted to approve the new linkage program.
- o Public hearing before Zoning Commission.
- o Zoning Commission vote.
- o Mayor Raymond L. Flynn signs into law.



# NEW LINKAGE PROGRAM



## DOWNTOWN

### Jobs

payable at building permit

**\$1 over 2yrs**

**AND**

### Housing

payable at building permit

**\$5 over 7yrs**

## NEIGHBORHOODS

### Jobs

payable at building permit

**\$1 over 2yrs**

**AND**

### Housing

payable at certificate of  
occupancy or  
2 years

after building permit

**\$5 over 12 yrs**



## Questions and Answers on the Linkage Program

Q. How was linkage established?

A. In December 1983, the Boston Zoning Commission established a "linkage" mechanism under the Boston Zoning Code for the creation of low- and moderate-income housing. It did so by adopting Article 26 of the Zoning Code which requires that developers of large-scale commercial projects make payments into a fund to create affordable housing.

Q. What is the existing linkage program?

A. The current linkage formula requires developers to pay \$5 per square foot for every square foot over 100,000 square feet of new or substantially rehabilitated commercial space. Payments are made in equal installments over twelve years, beginning two years after the issuance of the building permit or upon issuance of the certificate of occupancy, whichever comes first.

Q. What are the new regulations for the linkage program?

A. Article 26A is proposed to be the new housing linkage program. This new regulation reduces the payback period for downtown projects subject to linkage from twelve to seven years, and requires that payments begin at the issuance of a building permit. Neighborhood projects subject to linkage are not affected by this change. Also, under Article 26A, twenty percent of linkage payments from neighborhood projects are targeted to the neighborhood where development occurs. Ten percent of linkage payments from downtown projects are so targeted.

Article 26B proposes a fee of \$1 per square foot over 100,000 square feet of new or substantially rehabilitated commercial space to be used for job training. This money will be collected in two annual installments beginning with the issuance of a building permit. Job training linkage will apply to downtown and neighborhood projects. Jobs Contribution payments may be used to create a job training program for workers who will be employed, on a permanent-basis, at the project. Alternately, twenty percent of any Jobs Contribution payments shall be reserved for the impacted neighborhood.

Q. What is the combined increase in value of linkage payments resulting from Articles 26A and 26B?

A. The stream of future linkage payments has a value today, its "present value," and that value is nearly doubled by the new regulations. To illustrate, at a 10 percent rate of discount, \$5 paid in equal installments over twelve years (beginning two years after building permit) is worth \$2.58 today. By comparison, \$5 paid in equal installments over seven years beginning with the issuance of a building permit is worth \$3.83 today. An additional stream of \$1 paid in equal installments over two years beginning with the issuance of a building permit is worth 95 cents. Together these streams equal \$4.78 in current dollars, a \$2.20 increase in present value over the existing linkage program.



Q. Why reduce the payback period for downtown projects?

A. By shortening the housing linkage payback period for downtown projects, money will be available sooner for affordable housing. A brief look at the city's housing and demographic statistics illustrates the need for this change. Boston's median household income is 22 percent lower, and its poverty rate is 44 percent higher, than the cities it is most frequently compared with - Dallas, Denver, and San Francisco. The share of person's in "poverty status" in Boston is twice that of the metropolitan area; and more than 21 percent of the residents of Boston in 1985 were in "poverty status".

Moreover, Boston is a city of renters. More than 70 percent of all Boston households rent rather than own their homes. This distinguishes Boston not only from surrounding suburbs, but also from many cities across the country. In 1980, almost 40 percent of Boston's renters were paying rent in excess of 30 percent of their income.

Furthermore, Boston's current housing stock is in trouble. Not including public housing, approximately 900 buildings containing 3000 dwelling units are vacant and boarded. This represents 2 percent of the city's total stock, a higher percentage than in most other cities, including New York, Cleveland, Buffalo, and Newark.

Q. Where will the housing linkage funds be spent?

A. Under the new proposal, twenty percent of the housing contribution payments from neighborhood projects will be targeted to impacted neighborhoods; and ten percent of the housing contribution payments will be reserved for neighborhoods impacted by downtown projects.

Q. Where will the jobs linkage funds be spent?

A. Twenty percent of jobs linkage funds will be targeted also. For example, funds generated by a development project may be spent to train workers for jobs created by that project. Alternately, where a project's tenancy is not definite, 20 percent of the jobs linkage payments generated by the project will be reserved for the impacted area.

Q. When will the linkage fees be collected?

A. The \$1 per square foot earmarked for job training will be made in two equal annual installments, the first of which will be due upon issuance of the building permit. The housing contribution will be collected over a seven year period upon issuance of the building permit for downtown projects; and over twelve years, beginning the sooner of two years after the issuance of a building permit or upon the issuance of a certificate of occupancy for neighborhood projects.



- Q. The additional \$1 per square foot will be used to fund job training programs. Why?
- A. Downtown office development and the need for service sector jobs have risen dramatically in Boston over the last ten years. While the city's extraordinary development boom has generated 85,000+ new jobs since 1976, surveys show that Boston residents have not captured a significant share of the higher skilled and higher paying jobs, and consequently, cannot afford adequate housing. At the same time, the city's traditional manufacturing employment base has been eroded. Unless we provide Bostonians with the education and job training necessary to compete for higher skilled positions, Boston residents will not share in the prosperity generated by our economic success. Both the number and proportion of Boston jobs held by Boston residents has fallen sharply over the last three decades. In 1950, Boston residents held 282,080 or 54 percent of Boston jobs; in 1970 that number fell to 203,233 or 37 percent. In 1985, only 181,500 or 31 percent of Boston jobs were held by Boston residents. Bostonians are losing Boston jobs to suburban counterparts because residents lack the education and skills to compete for higher paying positions.
- Q. Why is job training so important?
- A. In order to significantly reduce the income gap between Bostonians and their metropolitan neighbors, economic development throughout the city must be linked with jobs. A comprehensive education and job training system is needed to help Boston residents gain a larger share of the job opportunities generated by the new service economy. Boston's business and private sector employers should be programmatically and financially involved in this effort to increase the percentage of Boston jobs held by Boston residents.
- Q. What happens after this public hearing?
- A. The Zoning Commission will vote either to adopt or not to adopt Articles 26A and/or 26B. If adopted by the Zoning Commission, the new regulations must then be signed by Mayor Flynn to become part of the Zoning Code.
- Q. Will the new regulations affect how the BRA processes DIP (Development Impact Plan Projects) or linkage projects?
- A. No. The BRA will continue to process applications in the same manner.
- Q. Has any linkage money been collected by the city?
- A. To date, approximately 35 million dollars have been earmarked through agreements with developers. The first payments are due April, 1987.
- Q. Do other cities have linkage programs?
- A. Yes. San Francisco, Seattle, Princeton and Santa Monica all have a linkage program to raise additional funds for housing. San Francisco's programs also requires payments for child care and transit improvements. Boston is the first city in the country to incorporate a fee for job training into its zoning regulations.



# Flynn would tie linkage fee to jobs plan

By Michael K. Frisby  
Globe Staff

Mayor Flynn, in an effort to expand Boston's linkage program, is proposing zoning changes that would establish the nation's first job-training program financed by linkage fee payments and make developers increase and speed up payment of such fees.

Flynn wants to change the city's two-year-old linkage formula, which requires developers to build low- to moderate-income housing or to pay into a housing trust \$5 per square foot of construction on projects exceeding 100,000 square feet.

Under Flynn's proposals, in the form of zoning ordinances that must first be approved by the Zoning Commission, the payments would be increased by \$1 per square foot and the current 12-year payment period would be reduced to seven years.

Two years ago, under former Mayor Kevin H. White's administration, the city adopted the linkage concept as a method of sharing the wealth derived from downtown development with the city's neighborhoods.

Flynn, who campaigned two years ago on the promise that he would help the neighborhoods, said yesterday he will not only seek to shorten the linkage payment period, but will also require developers to start payments when construction begins rather than when the buildings are completed, as is now required. In addition, the extra dollar per square

## KEY ELEMENTS

*Following are the major points of the mayor's proposal:*

- Increase linkage payments to \$6 per square foot, from \$5, on construction projects exceeding 100,000 square feet.

- Reduce the payment period to seven years, from 12.

- Require that payments begin at the start of construction, rather than when the buildings are completed.

- Establish the nation's first linkage-financed job-training plan.

foot to be used to finance a job-training program must be paid over two years.

Flynn last night called the proposed changes "very important because there is major economic development in the downtown area and it is important that it is shared with the neighborhoods."

"We want to expand job training and opportunities to the people who have been previously left behind," he said, adding that his proposal may not meet with approval from all the housing activists or the developers.

"Policy decisions don't always have the approval of everyone," said Flynn. "They must be decisive and be for the good of the city."

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## ■ LINKAGE

Continued from Page 1

These proposals will continue economic growth and benefit the neighborhoods."

### Limited exemption

Flynn wants to spark neighborhood construction projects and, to that end, his proposals to alter the linkage formula exempt developers who choose to build in the neighborhoods by allowing them to pay linkage fees on the current 12-year schedule, although they will have to pay the extra dollar toward job training.

Flynn also seeks to set aside at least 20 percent of the linkage payments raised from neighborhood development for housing initiatives and job training for the specific neighborhood surrounding the site of the construction project.

Neil Sullivan, the city's policy director, said a major benefit of the changes proposed by Flynn will be the increase in the present value of the linkage payments.

Sullivan said if the city follows through on plans to borrow against the current schedule of linkage payments, financial institutions will lend the city an amount based on about \$2.50 per square foot. But, he said, that loan

amount would increase to \$.55 per square foot under the proposed changes.

Flynn's proposals seemed to receive a lukewarm reception yesterday from housing activists, who have lobbied for more extensive changes, and developers, who had previously contended that the changes may be too costly.

### Coalition concerned

The Boston Linkage Action Coalition, a group of several housing organizations, has called on Flynn to increase linkage payments to \$10 per square foot and eliminate the exemption for projects under 100,000 square feet.

Yesterday, Evelyn Hannigan, a coalition cochairwoman, said organization members had a good relationship with Flynn, but are concerned because they had been promised a meeting with the mayor to discuss their own linkage proposals. Such a meeting has not taken place, she said.

"We do not accept this as a final position" on linkage, said Hannigan. "We will press for an immediate meeting with the mayor to discuss linkage. We were promised a meeting, but it never happened."

Flynn acknowledged that he had not met with the housing activists, but said a member of his administration had talked with them over the weekend.

Meanwhile, some developers, such as John T. Fallon, chairman of R. M. Bradley Co., have supported linkage with reservations. Fallon has previously said that it would be difficult for developers to begin making their payments at the start of construction.

Sullivan, however, maintained that "the program will benefit the neighborhoods and also sustain downtown development by not overbuilding like other American cities."

Sullivan said the job-training section was suggested by developers who wanted the city to find a way to train members of minority groups, city residents and women to work on the construction projects.

He said the proposals contain a provision allowing the city to respond to changes in the economy and further alter the linkage formula after three years.

### Housing trust named

Yesterday, Flynn also named a three-member housing trust board to review proposals by developers wanting to build houses rather than make linkage payments and to allocate linkage money to be spent on housing.

Flynn named Collector-Treasurer George Russell Jr., District Councilor Thomas M. Menino (Hyde Park-Roslindale) and Larry Dwyer, director of the community schools program, to the board.

Meanwhile, Sullivan cautioned that linkage funds are not as much as some activists believe and must be managed properly to have a significant impact on the city's housing stock.

"If the \$35 million from the 10 downtown developments was used for housing construction, it would provide only 500 units of affordable housing," said Sullivan. He said the money would be better used in combination with other funds - public and private - that would produce more housing.

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# Developers await Flynn's linkage changes

Michael K. Frisby  
Staff

many suburban communities after a development is completed or an apartment complex is built, the developer has to contribute money toward a school, construct special access roads and donate recreation land to the community as a means of helping that city or town meet the demands on services caused by the project.

In the downtown areas of Boston and other major cities have become prime locations for office building development, these cities, like their suburban neighbors, also have found ways to extract payments from developers.

In the suburbs, the process is called "subdivision extractions" and often requires little notice. It is called "linkage" in cities, and here in Boston it is a controversial issue.

Over the week developers from across the country will be closely watching events in Boston as Mayor Flynn announces his expected changes in the city's linkage law, already considered one of the most innovative in the country.

His announcement will come at a time when developers nationwide appear to be growing weary of linkage and are beginning to challenge its legality in the courts.

Edith M. Netter, an associate director of the Boston Redevelopment Authority, said the process born in the suburbs has moved to the cities because of new economic conditions evolving in places like Boston.

"We have Proposition 2½, which limits the taxes that can be levied. There is a job crisis and a housing crisis but a strong development market," said Netter, a nationally respected expert on linkage and subdivision extractions.

San Francisco, said Netter, initiated linkage five years ago when it adopted regulations saying developers had to restore housing units or make cash payments - decided on a case-by-case basis - toward housing construction.

Since then, various forms of linkage have been adopted in Seattle, Miami and Hartford, but their regulations allow developers an option to increase the scale of their developments in exchange for funds to be used for new housing. Linkage with a

set payment formula has been enacted in Princeton, N. J.

Two years ago, as the concept of downtown developers sharing their wealth with inner-city neighborhoods emerged as a major issue in the Boston mayoral campaign, former Mayor Kevin H. White had the city's Zoning Commission approve a linkage formula requiring developers to either pay \$5 per square foot of development over 100,000 square feet into a housing trust fund during a 12-year period or to construct housing.

The funds, to be placed in a housing trust that has yet to be established by the city, are to be spent on increasing the city's stock of affordable and low-income housing.

But administration officials say Flynn has found flaws in the process and will announce sometime this week that the payment period will be reduced to seven years. The amount paid by developers will be increased and some funds will be spent on

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# Developers awaiting Hub linkage changes

## LINKAGE

Continued from Page 17

job training for city residents, minorities and women.

"The biggest flaw - that can only be partially addressed - is the delay in payments," said Neil Sullivan, the city's policy director. He added that it will be sometime before the city will receive funds from projects approved under the current formula.

What will be watched closely are the reactions from developers concerned about the possible impact on future development in the city and from housing activists who have lobbied for more radical changes than those likely to be announced by Flynn.

Last week, Evelyn Hannigan, a cochairperson of the Boston Linkage Action Coalition, said the organization wants Flynn to increase the linkage payment to \$10 per square foot, force developers to pay it before beginning construction, eliminate the exemption for projects under 100,000 square feet and force developers of luxury housing projects to also pay linkage.

"We feel this is reasonable," said Hannigan. "They (developers) come and take from our city. The city is being destroyed by high-rises. They have to give something back to the people who went through the hard times."

Hannigan contended that the increased linkage is needed to construct affordable homes so the city does not become a place where only the gentry and rich can live. "It is a moral issue," she said, "but developers don't see things in moral terms. They just see the money."

Some local developers, however, seem willing to give something back to the city and support linkage, although they are concerned about changes that may be made by Flynn.

John T. Fallon, chairman of R.B. Bradley Company, said linkage is appropriate and works but it would be difficult for developers to pay the money before construction.

"Anything paid up front is negative cash for developers," said Fallon. "If you had linkage in

an early state, it could be burdensome. The key to increased linkage payments is to get more developers."

Donald Chiofaro, who will pay the city nearly \$8 million in linkage fees for constructing International Place, said linkage is actually a tax levied on downtown development, but he said it is essential for Boston.

"I build office buildings in downtown and the better downtown and the city work, the better my investment works," said Chiofaro. He added that linkage funds will help create housing and job training that will improve the city.

Chiofaro, like other developers, warned that it is possible for the city to hamper development with too much linkage. He said Boston is a good office market now but would become less attractive if developers become overburdened with costs.

Other developers are more outspoken against the changes Flynn is expected to implement, saying he should set up a program to use the \$35 million already pledged to the housing trust before asking for more money.

Developer Jerome Rappaport has sued the city, charging that linkage biases the zoning process by influencing the city to judge project proposals on their size.

Meanwhile, lawsuits also have been filed in San Francisco and Princeton challenging whether linkage payment demands are constitutional. Developers have charged there is no cause-and-effect relationship between their projects and the housing they are forced to support and that the linkage fee is a tax by another name.

Flynn administration officials acknowledge it will be difficult to please the housing activists and the developers, but they contend their formula will yield the best results for the city.

"It is another opportunity for the mayor to be decisive in a way that will be respected if not praised," said Sullivan, who added that the plan will allow the development community and the neighborhood to share in the



# High-rise for skyscraper fee

By BRIAN MOONEY

MAYOR Ray Flynn's administration is eyeing bigger "linkage" payments for downtown skyscrapers, planning to use those funds for job-training as well as housing, The Herald has learned.

A Boston Redevelopment Authority "Downtown Guidelines" planning report obtained by The Herald calls for:

● Increasing downtown deve-

## Flynn wants 'linkage' increases

lopers' linkage payments to \$6 per square foot, from \$5, on skyscrapers and shortening the payment period to five years, from 12. The first \$5 would go to create new housing units, with the extra dollar going into a new job-training fund.

● Require all linkage payments for floor areas above 300 feet to be paid in a lump sum when building permits are issued, rather than staggered over five years.

● Set up an "open space trust fund" for neighborhood parks and playgrounds, using 15 percent of the proceeds of sale or lease of public property.

● Create 5,000 to 10,000 parking spaces, focusing on "peripheral" areas like the Southwest Corri-

dor, Prudential Center and North and South stations.

● Require commercial developments of over 100,000 square feet to develop child care plans for their tenants.

● Target early linkage payments to abandoned housing rehabilitation.

● Limit the height of skyscrapers in different "economic revitalization" zones — generally to 350 feet, but in special cases up to 500 feet.

● Require wind tunnel testing and minimal shadows from new buildings "to protect the ecology of the central city."

● Encourage "mixed income diversity" by subsidizing 20 percent of the units in new housing developments.





